



The Commonwealth of Massachusetts
Division of Registration
Leverett Saltonstall Building, Government Center
100 Cambridge Street, Boston MA 02202
Board of Registration of Real Estate
Brokers and Salespeople
617-727-2373

Real Estate Broker's Test
Course Outline - July, 1990
10-Three Hour Modules

Module Coverage

1. Property/Property Rights/Ownership Condominiums/Cooperatives/Time Sharing/
Land Use - Subdivision
2. Contracts/Deeds/Advanced Contracts including P & S
3. Financing/Mortgages
4. Brokerage
5. Mass. License Law/Ethics
6. Appraisal
7. Fair Housing/Consumer Protection
8. Closing Process/Proration - Math Review/Amortization/Deeds
9. Property Management/Insurance - Leases & Options
10. Commercial Brokerage Investment/Syndication/Exchange

Board Chairman	Charles Kostoupolus
Executive Secretary	Joseph R. Autilio
Education Committee Chairman	J. Peter Regan

Real Estate Broker's Course - July 1990
Module #1-3 Hours
Property/Property Rights/Ownership/Condominiums/Coop./Time Share
Land Use - Subdivision

1. Real vs Personal Property
 - a) Fixtures
 - i) intent of the parties
 - ii) method of annexation
 - b) Tangible and Intangible
 - c) Corporeal and Incorporeal
2. Property Rights
 - a) Bundle of Rights
 - b) Control, Possession, Enjoyment, Disposition
3. Limits to Property Rights
 - a) Rights of Others
 - b) Government Rights
 - i) Eminent Domain
 - ii) Police Power
 - iii) Zoning and Building Codes - Taxation
 - iv) Escheat
4. Estates
 - a) Freehold vs Non-Freehold
 - b) Freehold
 - i) Fee Simple
 - ii) Fee Simple Determinable - Fee Upon Condition
 - iii) Life Estate (Remainder)
 - c) Concurrent Estates
 - i) Tenancy by the Entirety - Joint Tenancy
 - ii) Tenancy in Common
5. Transfer of Rights
 - a) Deed
 - b) Will or Inheritance
 - c) Adverse Possession
 - d) Eminent Domain
 - e) Escheat
 - f) Foreclosure
6. Encumbrances and Liens
 - a) Easement

- b) by Deed, Prescription, Necessity
 - c) License
7. Dower and Courtesy Rights
8. Water Rights
- a) Riparian
 - b) Littoral
9. Condominiums
- a) Creation--Master Deed, By-law, Rules and Regulations
 - b) Unit Deed vs Master Deed
 - c) Budget Preparation
 - d) Percent of Common Ownership
 - e) Common Areas
 - f) Association and Management--Trustees
 - g) Failure to Pay Mortgage, Monthly Maintenance Fee
 - h) Closing Documents--6D Certificate, Insurance Certificate
10. Cooperatives (vs Condominiums)
- a) Stock Certificate in Corporation
 - b) Proprietary Unit Lease for Life of Corporation
 - c) Corporation Obtains Blanket Mortgage
 - d) Taxed as One Entity
11. Time Sharing
- a) Definition -- Weekly Ownership
 - b) Exchange Organization
 - c) Maintenance and Management Fees
 - d) Ownership vs Right to Use
12. **Land Use - Subdivision**
- a) **Considerations of Land Subdivision**
 - i) **definition of MGL c.41**
 - b) **Plans and Approvals**
 - i) **Planning Board Requirement**
 - ii) **Plan by Land Surveyor or Registered Engineers - Zoning Regulations**
 - iii) **Planning Board Rules and Regulations**
 - c) **Variances/Special Permit**
 - d) **Non-conforming use**
 - e) **Spot Zoning**

***BOLD TYPE INDICATES BROKER MATERIAL NOT IN SALESMAN COURSE**

Real Estate Broker's Course - July 1990
Module #2-3 Hours
Contracts/Deeds/
Advanced Contracts including P & S

1. List and define typical Real Estate Contracts
 - a) Listing, Purchase and Sale, Lease, Deed
 - b) Mortgage Note, Mortgage Deed, Option
2. Essential Elements of any Contract
 - a) Offer and Acceptance
 - b) Consideration
 - c) Legality
 - d) Competency
 - e) Consent (Duress-Notary)
3. Termination of an Offer
 - a) Death of Offeror
 - b) Time Limit
 - c) Withdrawal by Offeror
 - d) Acceptance
 - e) Revocation by Offeree
 - f) Counteroffer
4. Valid/Void/Voidable
5. Miscellaneous
 - a) Mass. Statute of Frauds
 - b) Written P & S
 - c) Equitable vs Legal Title
 - d) Right to Assign
6. Breach of Contract
 - a) Damages
 - b) Specific Performance
 - c) Retain Deposit
 - d) Right of Rescission
7. Deeds
 - a) Grantor/Grantee
 - b) County Registry of Deeds
 - c) Book and Page Reference
 - d) Quitclaim vs Warranty vs Special Warranty

8. Elements of a Deed
 - a) Identification of All Parties (et ux, et al)
 - b) Granting Clause
 - c) Consideration
 - d) Explanation of Rights Transferred
 - e) Legal Description (Metes & Bounds, Lot & Block, Gov't Survey)
 - f) Proper Execution - Signed, Delivered
 - g) Recorded at Registry
 - i) Valid-Signed, Sealed, Delivered
 - ii) Fully Effective-Recorded-Acknowledged-Notarized
9. Torrens System - Land Court, Certificate of Title, Low Book & Page
10. Mass. Tax Stamps - \$2.28/\$500 Sell Price--Seller Expense
11. Title Search
 - a) Grantors/Grantees Index
 - b) Chain of Title
 - c) Abstract of Title
12. Advanced Contract Analysis - Listing/Purchase and Sale Agreement
 - a) Listing
 - i) Identification of Parties
 - ii) Property Identification
 - iii) Terms of Contract
 - iv) Seller Obligation
 - v) Agent Obligations
 - vi) Consideration/Fee
 - vii) Miscellaneous Provisions
 - viii) Complete/Discuss Sample Listing as Class Exercise
 - a) Purchase and Sale Agreement
 - i) Identification of Parties
 - ii) Property Description
 - iii) Performance including Date, Time and Place
 - iv) Consideration
 - v) Possession
 - vi) Adjustments
 - vii) Deposit
 - viii) Fee
 - ix) Lead Paint
 - x) Underground Storage Tank
 - xi) Other
 - xii) Complete/Discuss sample Purchase and Sale Agreement as class exercise
 - xiii) Financing Clause
 - xiv) Smoke Detector
 - xv) Inspections
 - xvi) UFFI

Real Estate Broker's Course - July, 1990
Module # 3-3 Hours
Financing/Mortgages

1. Real Estate Cycle
 - a) Listing
 - b) Qualify Buyer
 - c) Showing
 - d) Purchase and Sale Agreement
 - e) Financing
 - f) Pass Papers

2. Financing Procedure
 - a) Mortgage Application
 - b) Bank Approval Steps
 - i) Property, Ability to Pay, Credit Check
 - c) Purchase and Sale Financing Clause

3. Types of Lending Institutions
 - a) Federal Savings and Loan
 - b) Commercial Banks
 - c) Mutual Savings Banks
 - d) Cooperative Banks
 - e) Credit Unions
 - f) Mortgage Companies
 - g) Life Insurance Companies
 - h) Private Lenders

4. Money as a Commodity
 - a) Relationship between Discount Rate, Prime Rate, Mortgage Rates
 - b) Discounts or Points
 - c) Buydowns

5. Types of Mortgages
 - a) Conventional
 - b) V.A.
 - c) F.H.A.
 - d) M.G.I.C.
 - e) Direct Reduction
 - f) Construction
 - g) Blanket
 - h) Package
 - i) Demand/Open
 - j) Purchase Money
 - k) Junior/Second
 - k) Open End
 - m) Wraparound
 - n) Variable Rate
 - o) Balloon
 - p) Shared Equity
 - q) Negative Amortization
 - r) Equity Loans

1. Assume vs "subject to"
2. Secondary Mortgage Market
 - a) Primary vs Secondary Market
 - b) Fannie Mae - FNMA - Federal National Mortgage Association
 - c) Freddie Mac - FHLMC - Federal Home Loan Mortgage Corporation
 - d) Ginnie Mae - GNMA - Government National Mortgage Association
3. Truth - in Lending - Regulation Z
 - a) Coverage - Businesses
 - b) Disclosure
 - c) Right of Rescission
 - d) Advertising
4. Mortgage Note and Mortgage Deed
 - a) Grantor/Grantee Deed
 - b) Mortgagor/Mortgagee Deed
5. Detailed Example of Amortization
6. Advanced Financing Techniques
 - a) Discussion of Seller Participation Financing Advantage/Disadvantage
 - b) Installment Sales Contract
7. Foreclosure Procedures
 - a) Statutory vs. Judicial Foreclosure Procedures
 - b) Auction and/or Sale of Bank Possessed Property
 - c) Mortgagee Bid
 - d) Right of Redemption

Real Estate Broker's Course - July, 1990
Module # 4-3 Hours
Brokerage

1. Brokerage - Definition
 - a) For Consideration, Sells, Rents, Exchanges, Negotiate Financing and Options
2. Law of Agency
 - a) Single Agency - Agent of Buyer or Seller
 - b) Dual Agency - Agent of Buyer and Seller
3. Creation of Agency
 - a) Oral vs Written Agency
 - b) Expressed vs Implied Authority
4. Types of Listing
 - a) Open Listing
 - b) Exclusive Office Listing
 - c) Exclusive Right to Sell
 - d) Multiple Listing
 - e) Net Listing
5. Duties of an Agent
 - a) Fiduciary Relationship - Agent to Principal
 - b) Represent Buyer and Seller with Knowledge of Each
 - c) No Personal Interest Without Disclosure
 - d) No Co-mingling of Funds
 - e) Agent - Sub Agent / Co-Broke
6. Termination of Agency
 - a) Completion of Objective - Sold
 - b) Expiration of Time Limit
 - c) Mutual Consent
 - d) Revocation of Either Party - Damages
 - e) Death of Party
 - f) Destruction of Subject
 - g) Bankruptcy
7. Commissions
 - a) First Obtain Listing to Collect
 - b) Agreement of Parties - Usually Seller and Broker
 - c) Procuring Cause - Ready, Willing and Able Buyer
 - d) Tristram's Landing vs Wait"

8. Broker vs Salesman
 - a) Salesman Recourse to Broker not Principal
9. Realtor - Definition Plus
10. Commission Splits
 - a) ex. Typical Co-Broke Splits
 - b) ex. Typical Listing, Selling and Office Splits
11. Office Management
 - a) Financial Planning & Control/Personnel
 - b) Real Estate in 80's & 90's
 - c) Growth of National Company's
 - d) Role of Computers in Real Estate Brokerage
12. Sherman Anti-Trust Act 1978
 - a) Four Common Violations
 - i) Price fixing discussion of commissions with competitors
 - ii) Group Boycott 2 or more competitors boycott a non competitor
 - iii) Dividing the Market - division based on geography, race or any other criteria
 - iv) Contingent Sales - making the sale of a product or service contingent on consumers purchase of another product of service
 - b) Penalties
 - i) Corporations - up to \$1 million per offense
 - ii) Individuals - up to \$100,000 plus 3 yrs. imprisonment per offense
 - iii) Civil Penalties - Triple Damages plus attorneys fees plus court costs

Real Estate Broker's Course - July, 1990
Module # 5-3
Hours - Massachusetts License Law/Ethics

1. Duties and Powers of Real Estate Board of Registration
 - a) Appointment Authority
 - b) Number and Composition of Board
 - c) Meeting Requirements
 - d) Power of Board
 - i) Promulgate and Administer
 - ii) Conduct Examinations
 - iii) Examination of Records
 - iv) Hearings and Appeals
 - v) Suspend Revoke, Refuse to Renew License and Reinstatement
2. Licensing Requirements
 - a) Activities Requiring a License
 - i) Sales
 - ii) Exchanges
 - iii) Purchases
 - iv) Rentals/Leases
 - v) Negotiates
 - vi) Offers
 - vii) Listing
 - viii) Options
 - ix) Advertises Agency
 - x) Prospecting
 - xi) Loan Negotiating
 - xii) Apartment Search
3. Types of License
 - a) Broker and Salesperson
 - b) Corporate vs Individual
 - c) Resident and Non-resident
4. Eligibility for Licensing
 - a) Classroom Instruction
 - b) Written Examination
 - c) Age Requirement
 - d) Bond
 - e) Broker Experience Requirement
 - f) Residency
 - g) Temporary License on Death of Broker

5. License Renewal - Term, Fees and Bond
6. Exemptions to Licensing
 - a) Individual Acting for Themselves
 - b) Salaried Employee/manager
 - c) Auctioneer
 - d) Trustees
 - e) Public Officer/Employee
 - f) Power of Attorney
 - g) Attorney - Acting for Client
 - h) Court Appointee
 - i) Bank/Credit Union/Insurance Co.
7. Statutory Requirements Governing Activities of Licensees
 - a) Advertising
 - i) Blind Advertising
 - ii) Salesperson Ads
 - iii) Discriminatory Advertising
 - b) Broker Salesperson Relationship
 - i) Independent Contractor vs. Employee
 - ii) Salesperson must work for Broker
 - iii) Salesperson can't sue Principal
 - iv) Salesperson can sue Broker
 - c) Commissions
 - i) Agreement of Parties (Principal & Broker)
 - d) Disclosure/Conflict of Interest
 - i) Undisclosed Principal (incl. Kin)
 - e) Handling of Documents
 - i) Present all Offers
 - ii) Distribute Contract to all Parties
 - f) Handling of Moneys
 - i) Deposits - Purchase and Rental
 - ii) Escrow Account
 - iii) Return of Deposit
 - g) Net Listings - Define/Illegal
 - h) Maintenance of Place of Business
 - i) Notify Board of Location (incl. change)

- ii) Notify Board of Relationship of all Licensees Include
Start/Stop dates
 - iii) License Display
- i) Record Keeping
 - i) Escrow Documentation
 - ii) Board Inspection
- j) Legal Advice - Illegal to Recommend Against Use of Attorney
- k) Out of State Property
 - i) Registration and Disclosure
- l) Apartment Listing Service Requirement

Real Estate Broker's Course - July, 1990
Module # 6-3 Hours
Appraisal

1. Define Appraisal and Value
2. Establish Appraisal Purpose
 - a) Determine Market Value
 - b) Condemnation
 - c) Basis for Taxation (Assessed Value)
 - d) Insurance Purposes
 - e) Estate Settlement
 - f) Sales Value for Owner
 - g) Loan Purposes (Loan Value)
 - h) Exchanges
3. Elements of Value
 - a) Demand
 - b) Utility
 - c) Scarcity
 - d) Transferability
4. Forces Affecting Value
 - a) Social
 - b) Economic Adjustments
 - c) Political/Government Regulations
 - d) Physical
5. Economic Principles
 - a) Supply and Demand
 - b) Change
 - c) Substitution
 - d) Highest and Best Use
 - e) Conformity/Regression
 - f) Anticipation of Future Betterments
 - g) Contribution and Overimprovement
6. Market Data Approach
 - a) Definition
 - b) Comparable Sales
 - c) Adjustment for Differences
 - d) Math Calculations

7. Income Approach
 - a) Revenue, Expense and Net Income
 - b) Capitalization Technique
 - c) Gross Rent Multiplier
 - d) Math Calculations

8. Cost Approach
 - a) Cost of Land
 - b) Cost of Reproducing Subject Property
 - c) Depreciation
 - i) Physical Deterioration
 - ii) Functional Obsolescence
 - iii) Economic Obsolescence
 - d) Math Calculations
 - i) $\text{Land Value} + (\text{Reproduction Cost Less Depreciation})$

Real Estate Broker's Course - July, 1990
Module # 7 - 3 Hours
Fair Housing/Consumer Protection

1. Basic Concepts
 - a) Protected Class - Includes: membership in class; perceived membership: association with class members
 - b) Complainant
 - i) Individual (e.g., homeseekers, real estate agents, etc.)
 - ii) Group of individuals, including minors
 - iii) Testers
 - iv) Organizations
 - c) Respondent
 - i) Property owners
 - ii) Real estate agents and agencies
 - iii) Management companies, etc.
 - d) Testing
 - i) Technique of matching
 - ii) Legitimate (not entrapment), Havens v. Coleman U.S. Supreme Ct. decision
 - e) Familial Status/Children
 - i) Having Children, pregnancy, adoption
2. Federal Civil Rights Act of 1866
 - a) Protected Class - Race
 - b) Prohibited Practices
 - i) All discriminatory practices prohibited
 - c) Covered Housing
 - i) All housing covered; no exemptions
 - d) Enforcement
 - i) File civil action in appropriate court
 - ii) Unlimited damages
3. Federal Fair Housing - 1968 (Title VIII)
 - a) Protected Classes - Sex, race, color, religion, national origin, handicap (mental and physical), familial status
 - b) Prohibited Practices
 - i) Refusal to sell or rent or otherwise deny
 - ii) Discrimination in terms of sale or rental
 - iii) Discrimination in advertising
 - iv) False denial of availability
 - v) "Blockbusting"
 - vi) Different terms for loans - incl. "redlining"

- vii) Varying access to brokers' organizations
- viii) "Steering"
- ix) Appraisal report with value impact on any of above
- x) Making notations indicating discriminatory preferences
- xi) Coercion, intimidation, interference with any person in exercise of rights
- c) Relative to handicap:
 - i) Refusal to make reasonable accommodation in policies
 - ii) Refusal to permit reasonable modifications of existing premises at handicapped person's expense
 - iii) Failure to design and construct new covered multifamily dwellings, intended for first occupancy after 3/13/91, so as to be handicapped-accessible
- d) Property Covered
 - i) Residential property (not commercial)
 - ii) Any type of residential property if handled by real estate broker (depending on type of property, liability may be only for broker)
 - iii) Discriminatory advertising
 - iv) Any written notice or statement indicating discriminatory preference
- e) Single-Family
 - i) Privately owned with broker
 - ii) Privately owned with discriminatory advertising
 - iii) Privately owned with more than one house sold in 2 yrs.
 - iv) Privately owned with more than three houses owned (dealer) - Not privately owned (corporate)
- f) Multi-Family
 - i) Any five or more unit building
 - ii) Two to four units, non-owner occupied
 - iii) Two to four units, owner-occupied (liability for broker only, not owner)
- g) Covered multifamily dwellings (for design/construction standards - handicap discrimination)
 - i) Buildings of four or more units if one or more elevators
 - ii) Ground floor units in other buildings of four or more units
- h) Housing Not Covered
 - i) Sale or rental of single family by private individual with three or less properties
 - Without a broker
 - Without discriminatory advertising
 - With no more than one house sold in two years
 - ii) Rental of owner-occupied two to four family (Not covered for owner, covered for broker)
 - iii) Sale/rental of property owned by religious organization

- iv) Private club
- v) Housing for older persons - familial status only
- i) Enforcement of the 1968 Fair Housing Act
 - i) File complaint with HUD
 - ii) File civil action in U.S. District Court
 - iii) Administrative process (Administrative Law Judge or Civil Action)
 - iv) Remedies: civil penalties, damages (actual and/or punitive), injunctive relief

4. Massachusetts General Laws - Chapter 151B

- a) Category #1
 - i) Protected Classes - race, color, religion, national origin, ancestry,, sex, age, marital status, veteran history/military status, sexual orientation
 - ii) Prohibited Practices
 - Same as Title VIII
- b) Covered property
 - Most residential property
 - Commercial space (only on basis of: race, color, religion, national origin, sex, sexual orientation, age, ancestry, handicap, marital status)
- c) Major Exemptions (Exemptions apply only to property owners, for real estate agents these exemptions do not apply. Also in the area of discriminatory advertising, these exemptions do not apply in the case of certain protected categories those also protected under Title VIII.)
 - Lease of owner-occupied two-family
 - Elderly-state/federal funded - age only
 - Elderly retirement, 10 acres, 55 yrs - age only
- d) Category # 2
 - i) Protected Class Public assistance or rental assistance reciprocity
 - ii) Prohibited Practices
 - To discriminate in furnishing credit services or rental accommodations; also, to discriminate because of any requirement of such public assistance, rental assistance, or housing subsidy program. (For rental subsidy recipients, discrimination may include the following: Refusal to sign program lease, refusal to make modifications in unit to satisfy state sanitary code, requirement for security deposit in excess of program allowances.)
 - Discriminatory advertising.
 - iii) Exemptions - None; all property covered
- e) Category #3
 - i) Protected Class - Children

- ii) Prohibited Practices
 - (1) Refusal to rent, sell or otherwise deny. Includes refusals based on lead paint and other safety concerns
 - (2) Discrimination in terms/conditions
 - (3) Discriminatory advertising
 - iii) Major Exemptions (Exemptions apply only to property owners, for real estate agents these exemptions do not apply. Also in the area of discriminatory advertising, these exemptions do not apply.)
 - (1) Three family or less with elderly (65 yrs or older) or infirm occupant for whom presence of children would be a hardship
 - (2) Owner/occupant temporary lease
 - (3) Lease of owner-occupied two-family
 - f) Enforcement/Remedies
 - i) MCAD
 - ii) Civil action
 - iii) Injunctive relief, damages, affirmative relief, civil penalties, attorneys' fees for prevailing complainants
 - iv) Broker/salesman licensing enforcement
5. Massachusetts General Laws, Chapter 93
- a) Protected Classes - Race, color, creed, national origin, sex
 - b) Prohibited Practices - All discriminatory practices prohibited
 - c) Covered Housing - All housing may be covered (law unclear)
 - i) Enforcement
 - ii) Civil action
 - iii) Punitive damages, compensatory damages, injunctive relief, and attorneys' fees (for successful plaintiffs)
6. Practical Applications and Trends
- a) Examples of cases
 - b) Handling Problem Situations
 - i) Broker's liability for actions of salesmen
 - ii) Agent's liability if working in office with discriminatory listings
 - iii) Handling racial violence/intimidation
 - iv) Responding to information that client may have discriminatory preferences

Additional Consumer Protection Issues

1. Consumer Protection Law - M.G.L. c. 93A
2. Lead Paint Law - M.G.L. c.111 (S. 190-199)
3. Urea Formaldehyde Law (U.F.F.I.) - M.G.L. c.255 s. 21 Brokers Liability c.112 s. 87 AAA 1/2
4. Smoke Detectors - M.G.L. c.148 s.26F
5. Hazardous Waste
 - a) Disclosure and Removal M.G.L. c.21E
 - b) Underground Storage Tank 527 C.M.R. 9.00
6. Asbestos - M.G.L. c.149 s.6A
 - a) Misc. State and Local Board of Health Regulations
7. Radon - Disclosure Obligation
8. Chlordane - Disclosure Obligation
9. Agency Disclosure - 25A C.M.R. s.2.05(15)

Real Estate Broker's Course - July, 1990

Module 8 - 3 Hours

Closing/Settlement Process

1. Role of the Closing/Settlement in the Real Estate Cycle (Listing, Showing, Offer and Acceptance, Purchase & Sale Agreement, Financing, Title Search, Closing/Settlement)
2. Sellers Closing Cost and Responsibilities
 - a) Deed
 - b) Real Estate Commission
 - c) Proration of Water, Sewer & Taxes (math examples)
 - d) Recording Fees
 - e) Sellers Attorney Fees
 - f) Mortgage Payoff
 - g) UFFI Certificate
 - h) Smoke Detector
 - i) Certificate of Title
 - j) Excise Tax Stamps
 - k) Condos:
 - i) Condo Documents - Master Deed, By-Laws, Rules and Regulations
 - a) (d) Certificate
3. Buyers Closing Costs and Responsibilities
 - a) Inspection Costs
 - b) Bank Application Fee
 - c) Bank Attorney (Title Search)
 - d) Plot Plan
 - e) Financing Points
 - f) Fuel Adjustment
 - g) Buyers Attorney Fees
 - h) Title Insurance
 - i) Private Mortgage Insurance (P.M.I.)
 - j) Tax Escrow
 - k) Home Owners Insurance
 - l) UFFI Certificate
 - m) Recording Fees
 - n) Condo:
 - i) Master Insurance Policy
 - ii) Advance Condo Fee

4. Documents at closing
 - a) Deed
 - b) Mortgage Deed
 - c) Mortgage Note
 - d) Mortgage Discharge
 - e) Municipal Liens Certificate
 - f) Attorney Certification of Title
 - g) RESPA Settlement Statement
 - h) Statement
 - i) Plot Plan
 - j) Insurance Policy/Binder
 - k) Lead Paint Certification
 - l) Truth-in-Lending Disclosure
 - m) Affidavit of Purchase & Vendor
 - n) w - 9's
 - o) Application Form
 - p) Commitment Letter
 - q) Title Insurance
5. Settlement Statement (Distribution of a completed RESPA Settlement Statement is recommended for class/case discussion)
6. Review Broker's role and impact on the closing process at the following stages:
 - a) Listing
 - b) Showing
 - c) Purchase and Sale Agreement
 - d) Bank Application and Approval
 - e) Bank Attorney/Title Search
 - f) Scheduling of closing Re - other property closing Purchase and Sale date; Coordination of all Parties, Occupancy

Real Estate Broker's Course - July, 1990
Module 9 - 3 Hours
Property Management/Insurance Leases and Options

1. Property Management - a property manager is a real estate professional who is hired to maintain property and to be responsible for its profitability
2. Duties and Responsibilities
 - a) Prepare Annual Operating Budget include identification of line items and estimates of amount and time of expense
 - b) Propose Budgets for Capital Expenditures and Operating Reserves
 - c) Collect Rents, Pay Bills, Maintain Accounts and Report to the owner on Plan vs. Actual expenditures
 - d) Maintain property by hiring employees and supervising their work
 - e) Establish rental rates by analyzing vacancy rates and market conditions
 - f) Select tenants by Advertising, showing property, references and credit checks (may utilize a rental agency)
 - g) Guard against insurable losses
3. Management Agreement
 - a) identification of the property and the parties (owner and agent)
 - b) define owners purpose
 - c) define managers authority and responsibilities
 - d) define time period covered
 - e) Management Fees (percentage, fixed or other)
 - f) Reporting Requirement - what and when
4. Types of Tenancies
 - a) Estate/Tenancy for years
 - b) Estate/Tenancy for Period to Period - Estate/Tenancy at Will
 - c) Estate/Tenancy at Sufferance
5. Selection of lease form
 - a) Gross
 - b) Net (Triple Net - Taxes, Insurance, Expenses)
 - c) Graduated
 - d) Percentage
6. Insurance Considerations - Lessor/Lessee
 - a) Fire and Hazard (windstorm, hail, smoke, civil disturbance)
 - b) Business interruption (property cannot be used)

- c) Contents and Personal Property (include off site)
 - d) Liability (Landlord Negligence)
 - e) Employee Coverage
 - i) Workers Compensation Act
 - ii) Private Insurance
 - f) Casualty (theft, burglary, vandalism, health and accident)
 - g) Surety bands - employee acts
7. Condominium Insurance Issues
- a) Master Insurance Policy
 - b) Unit Owners Policy
8. Options
- a) Definition Ex. town approval
 - b) Right of first refusal

Real Estate Broker's Course - July, 1990
Module 10 - 3 Hours
Commercial Brokerage/Investment Syndication/Exchange

1. Commercial Brokerage
 - a) Specialty Brokerage or Supplement to Residential Brokerage
 - b) More Financial Education and Analysis Required
 - c) Emphasis on Balance Sheet, Income Statement, Return on Investment Analysis and Financial Analysis

2. Real Estate Investment - Goals - Appreciation, Cash Flow, Tax Shelter
 - a) Appreciation - Inflation Protection, Equity Buildup
 - i) Pyramid through Refinancing
 - b) Cash Flow
 - i) Income Statement Example
 - ii) Leverage - use of bank money

3. Tax Shelter - Depreciation
 - a) Depreciation Terminology
 - i) Cost Basis (Treatment of Land/Improvements)
 - ii) Salvage Value
 - iii) Useful Life
 - iv) Annual Depreciation
 - v) Cumulative Depreciation
 - vi) Book Value

 - b) Depreciation Methods - Define/use examples
 - i) Straight Line
 - ii) Sum-of-the Years-Digits
 - iii) Declining Balance
 - iv) ACRS-Review Current IRS Guidelines

 - c) Capital Gains Consideration
 - i) Owner Occupied vs. Non-Owner Occupied (Single Two Family)
 - ii) Passive vs. Active Status
 - a) 000 Loss Limit
 - (1) - 15,000 Income Effect
 - iii) Cost Basis Factors
 - (1) Cost plus Improvement Depreciable
 - (2) Land not Depreciable
 - (3) Cost - Cumulative Depreciation vs. Sell Price

4. Syndication
 - a) Securities Exchange Laws (Blue Sky Laws)
 - b) Interstate Sales
 - c) Licensing Requirements
5. Exchanges
 - a) Definition
 - b) Capital Gains Treatment
 - c) Like-Kind Requirement
 - d) Role of Exchange Agent
 - e) Boot - Definition and Tax Treatment
 - f) Need for Competent Legal Advice
6. Installment Sales
 - a) Definition
 - b) Annual Tax Treatment
 - c) Examples
7. Trusts
 - a) Real Estate Investment Trusts (REITS)
 - b) Real Estate Mortgage Trusts (REMTS)
8. Miscellaneous
 - a) Financing Considerations/Sources,,
 - b) Proforma Income Statement
 - c) Environmental Consideration